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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO. [REDACTED]

CD NO.

25X1A

COUNTRY China

DATE DISTR. 25 Aug. 1950

SUBJECT Chinese Communist Inquiries Regarding
Purchase of Naval Machinery, Hong Kong

NO. OF PAGES 2

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1. The representative of a Hong Kong commercial firm received inquiries from P'ENG Te-chien (彭德健), head of the Procurement Division of the Chinese Communist Naval Supply Depot, Shanghai, concerning the possibility of purchasing diesel engines and parts and navigation instruments in Hong Kong. P'ENG stated that his usual Hong Kong supplier, YU Tung Tai Ltd., 107, York Building,* had informed the Naval Supply Depot in early August that they were unable to supply the desired goods because the application would be screened in Hong Kong and it would be difficult to obtain an export license for such items.
2. The inquiry regarding navigation instruments was received on 19 July in the form of a carbon copy, indicating that the same inquiry was made to other agencies. The inquiry regarding diesel parts was received on 1 August in the form of an original. Both requests specified that the inquiry was confidential and that delivery in Shanghai not later than the end of September was the most important condition. The Hong Kong representatives were requested to cable their replies.
3. The Supply Depot's terms for the purchase were as follows:

- a. The procurement value of the order must be U.S. \$1,500,000.
- b. The permitted profit will be ten percent.**
- c. Prices are to be C.I.F. Shanghai, with the permissible addition of five percent of the C.I.F. quotation to the invoice.
- d. Payment must be by letter of credit or U.S. dollar deposit against a bank guarantee.

The navigation instruments, including approximately 25 different items, were intended for ships over 800 tons but under 1,000 tons. The diesel engines and parts requested were as follows:***

- a. GN-16/278A (or ONE B-278A)
- b. GN-12-278A

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CENTRAL INTELLIGENCE AGENCY

- 2 -

- c. GM 12-567 ATL (12-5B 7ATL).
- d. GM 6-278A (or B-278A)
- e. GM3-268A (or-268A) (sic)
- f. 6-71 (or B-71)
- g. 2-71.
- h. FM 37-E 16 (or E1B).
- i. FM-38D-8.5.
- j. FM 36-A 5.5 DE (or 3BA 5.5 DE).
- k. SUPERIOR PDT.
- l. SUPERIOR GDB-8.
- m. BUDA B-D CMR-1879 (or 6-DCMR-1879).
- n. BUDA B-TDG-4 B8 (or 6-TDG-468).
- o. ENTERPRISE DSG-2B (or DSG-26).
- p. ENTERPRISE DMQ-38.
- q. HERCULES DOOD.

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25X1A * Comment. [REDACTED] references for information on other Chinese Communist dealings with this firm.

25X1A ** Comment. It is not clear whether this profit could be added to the \$1,500,000 or whether it was to be included in that figure.

*** Comment. This list is reproduced exactly as received.

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